

# SENATE BILL REPORT

## SB 5700

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As of February 24, 2005

**Title:** An act relating to public health.

**Brief Description:** Modifying hospital district funding.

**Sponsors:** Senators Haugen, Parlette, Fairley, Hargrove, Delvin and Mulliken.

**Brief History:**

**Committee Activity:** Ways & Means: 2/23/05.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Terry Wilson (786-7433)

**Background:** All real and personal property in this state is subject to the property tax each year based on its value unless a specific exemption is provided by law. The Constitution limits the amount of property taxes that may be imposed on an individual parcel of property without voter approval to 1 percent of its true and fair value, or \$10.00 per \$1,000 of assessed value. Taxes imposed under the 1 percent limit are termed "regular" levies.

The state levy is limited to \$3.60 per \$1,000 of assessed value, equalized to market value, for the support of the common schools. The levies by the cities, counties, road districts, and junior taxing districts are limited to \$5.90 per \$1,000 of assessed value. Under the \$5.90 limit, public hospital districts are authorized to levy up to \$0.75 per \$1,000 of assessed valuation in the district.

Total state and local levies are limited to \$9.50. Several levies are authorized outside this \$9.50 statutory rate limit. If the combined rate of all levies that are imposed exceeds \$10.00 per \$1,000 of assessed value, the levies over the \$9.50 limit are reduced first. If the levies are still over \$10.00, the levies subject to the \$5.90 limit are reduced according to statutorily set priorities.

**Summary of Substitute Bill:** A new state property tax is authorized at a maximum rate of \$0.20 per \$1,000 of assessed value beginning with taxes due in calendar year 2006 and the \$0.75 regular property tax levy of public hospital districts is eliminated beginning with taxes due in calendar year 2006.

Revenues from the new state tax levy are deposited into the public health subsidy account which is created in the state treasury. The moneys are distributed first to public hospital districts based in their 2005 levy and second to the Department of Health solely for the purpose of maintaining and improving local public health services and for subsidizing emergency room care.

**Substitute Bill Compared to Original Bill:** The original bill was not considered.

**Appropriation:** \$49 million General Fund State

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** There is a health care crisis in this state. This is a statewide problem that needs a statewide solution. People in hospital districts subsidize the use of their hospitals by nonresidents. This bill decreases the tax on some and increases the tax on others. A side benefit is that the elimination of the local tax eases proration pressures. Local resources for public health are declining because of the repeal of the motor vehicle excise tax and increasing criminal justice costs as demand continues to rise. The recurrence of old diseases is a sign of a deteriorating public health system. The public expects the government to protect them. Health is a fundamental government purpose.

**Testimony Against:** None.

**Who Testified:** PRO: Senator Mary Margaret Haugen, prime sponsor; Rick Mockler, WA State Assoc. of Local Public Health Officials; Vicki Kirkpatrick, WA State Assoc. of Counties; Jeff Mero, WA State Assoc. of Public Hospital Districts, State Public Health Assoc.